

AN ACT

ENTITLED, An Act to require state agencies promulgating rules pursuant to the Administrative Procedures Act to provide an impact statement on small business.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 1-26-1 be amended by adding thereto a NEW SUBDIVISION to read as follows:

"Small business," a business entity that employs twenty-five or fewer full-time employees.

Section 2. That chapter 1-26 be amended by adding thereto a NEW SECTION to read as follows:

An agency shall, when submitting any proposed rule that will have a direct impact on small business, prepare an impact statement that includes the following:

- (1) A narrative explanation in plain, easy-to-read language of the effect of the rule on small business, the basis for its enactments, and why the rule is needed;
- (2) An identification and estimate of the number of small businesses subject to the proposed rule;
- (3) The projected reporting and recordkeeping required for compliance with the proposed rule, including the types of professional skills necessary for preparation of the report or record;
- (4) A statement of the probable effect on impacted small business; and
- (5) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule.

An agency is only required to use readily available information and existing resources to prepare the impact statement.

Section 3. That § 1-26-4 be amended to read as follows:

1-26-4. The following procedure shall be complied with prior to the adoption, amendment, or

repeal of any rule, except an emergency rule:

- (1) An agency shall serve a copy of a proposed rule and any publication described in § 1-26-6.6 upon the departmental secretary, bureau commissioner, or constitutional officer of the department to which it is attached;
- (2) Fifteen days after the service required by subdivision (1) or upon receiving the written approval of that officer to proceed, whichever comes first, and twenty days before the hearing, the agency shall serve the director with a copy of the proposed rules, a copy of any publication described in § 1-26-6.6, a copy of the fiscal note described in § 1-26-4.2, a copy of the impact statement on small business described in section 2 of this Act, and a copy of the notice of hearing required by § 1-26-4.1. Any publication described in § 1-26-6.6 shall be returned to the agency upon completion of the director's review and retained by the agency. Also, twenty days before the hearing, the agency shall serve the Bureau of Finance and Management with a copy of the proposed rules, a copy of the fiscal note described in § 1-26-4.2, a copy of the impact statement on small business described in section 2 of this Act, and a copy of the notice of hearing required by § 1-26-4.1;
- (3) The agency shall publish the notice of hearing in the manner prescribed by § 1-26-4.1, at least twenty days before the hearing;
- (4) The agency shall afford all interested persons reasonable opportunity to submit data, opinions, or arguments, either orally or in writing, or both, at a hearing held for that purpose. The hearing may be continued from time to time until its business has been completed. The agency shall keep minutes of the hearing. A majority of the members of any board or commission authorized to pass rules must be present during the course of the hearing required by this subdivision;
- (5) For a period of ten days after the hearing, the agency shall accept written comments

regarding the proposed rule, unless the entity promulgating the rule is a part-time citizen board, commission, committee, task force, or other multiperson decision maker, in which case the record of written comments shall be closed at the conclusion of the public hearing. However, the hearing may be specifically continued for the purpose of taking additional comments;

- (6) After the written comment period, the agency shall fully consider all written and oral submissions regarding the proposed rule. A proposed rule may be modified or amended at this time to include or exclude matters which were described in the notice of hearing;
- (7) After reviewing the proposed rule, the director shall advise the agency of any recommended corrections to the proposed rule;
- (8) If the agency does not concur with any recommendation of the director, the agency shall appeal the recommended correction to the Interim Rules Review Committee for appropriate action; and
- (9) The agency shall, at least five days prior to the time set for the agency to appear before the committee to present the rules, serve the minutes of the hearing, a complete record of written comments, and a corrected copy of the rules on the members of the Interim Rules Review Committee.

The time periods specified in this section may be extended by the agency. The requirement to serve the committee in subdivision (9) may be waived by the committee chair if the agency presents sufficient reasons to the committee chair that the agency is unable to comply with the time limit. The waiver may not be granted solely for the convenience of the agency.

Section 4. That chapter 1-26 be amended by adding thereto a NEW SECTION to read as follows:

The provisions of section 2 of this Act do not apply to the Game, Fish and Parks Commission.

Section 5. This Act is repealed June 30, 2007.

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I certify that the attached Act
originated in the

SENATE as Bill No. 112

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 112
File No. _____
Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor
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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor
=====

STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State